

**HOUSE CS FOR CS FOR SENATE BILL NO. 125(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 5/12/07**

**Referred: Today's Calendar**

**Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to the accounting and payment of contributions under the retirement**  
2   **plans of the Public Employees' Retirement System of Alaska and the Teachers'**  
3   **Retirement System, to calculations of contributions under those retirement plans, and to**  
4   **participation in, and termination of and amendments to participation in, the defined**  
5   **benefit plans of those systems; relating to recovery of an award of damages or other**  
6   **recovery by those systems; relating to employer contributions to the health**  
7   **reimbursement arrangement plan; relating to participation in the public employees'**  
8   **defined contribution plan by certain elected officials; making conforming amendments;**  
9   **and providing for an effective date."**

10   **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

11    \* **Section 1.** AS 14.25.070 is repealed and reenacted to read:

12       **Sec. 14.25.070. Contributions by employers.** (a) Each employer shall

1 contribute to the system every payroll period an amount calculated by applying a rate  
 2 of 12.56 percent to the total of all base salaries paid by the employer to active  
 3 members of the system, including any adjustments to contributions required by  
 4 AS 14.25.173(a).

5 (b) The employer shall transmit the contributions calculated in (a) of this  
 6 section to the administrator in accordance with AS 14.25.065. The administrator shall  
 7 allocate contributions received for full payment of

8 (1) the actuarially determined employer normal cost for the plan; and

9 (2) all contributions required by AS 14.25.350 and AS 39.30.370 for  
 10 the fiscal year.

11 (c) If, after allocation of contributions under (b) of this section, a portion of  
 12 the employer contributions remains, the administrator shall apply that remaining  
 13 portion toward payment of the past service liability of the plan.

14 (d) Notwithstanding (a) of this section, the annual employer contribution rate  
 15 may not be less than the rate sufficient to allow payment of the employer normal cost  
 16 and the employer contributions required under AS 14.25.350 and AS 39.30.370.

17 (e) An employer of a retired member rehired under AS 14.20.135 shall include  
 18 that member's base salary when calculating the contribution amount established in (a)  
 19 of this section.

20 (f) In this section, "normal cost" means the cost of providing the benefits  
 21 expected to be credited, with respect to service, to all active members of the plan  
 22 during the year beginning after the last valuation date.

23 \* **Sec. 2.** AS 14.25 is amended by adding a new section to read:

24 **Sec. 14.25.085. Additional state contributions.** In addition to the  
 25 contributions that the state is required to make under AS 14.25.070 as an employer,  
 26 the state shall contribute to the plan each July 1 or, if funds are not available on July 1,  
 27 as soon after July 1 as funds become available, an amount for the ensuing fiscal year  
 28 that, when combined with the total employer contributions that the administrator  
 29 estimates will be allocated under AS 14.25.070(c), is sufficient to pay the plan's past  
 30 service liability at the contribution rate adopted by the board under AS 37.10.220 for  
 31 that fiscal year.

1 \* **Sec. 3.** AS 14.25 is amended by adding a new section to read:

2 **Sec. 14.25.087. Contributions for medical benefits.** Contributions made by  
3 an employer under AS 14.25.070 and 14.25.085 shall be separately computed for  
4 benefits provided by AS 14.25.168.

5 \* **Sec. 4.** AS 14.25.087, as enacted by sec. 3 of this Act, is amended to read:

6 **Sec. 14.25.087. Contributions for medical benefits.** Contributions made by  
7 an employer under AS 14.25.070 and 14.25.085 shall be separately computed for  
8 benefits provided by AS 14.25.168 and shall be deposited in the Alaska retiree  
9 health care trust established under AS 39.30.097(a).

10 \* **Sec. 5.** AS 14.25.220 is amended by adding new paragraphs to read:

11 (46) "past service liability" means the actuarially determined excess of  
12 the accrued liability of the plan over the value of the plan's assets, as of the date of the  
13 last actuarial valuation;

14 (47) "system" means all retirement plans established under the  
15 teachers' retirement system.

16 \* **Sec. 6.** AS 14.25.350(d) is amended to read:

17 (d) An employer shall also make contributions to the health reimbursement  
18 arrangement plan under AS 39.30.370 [AS 39.30.300].

19 \* **Sec. 7.** AS 39.35.100 is repealed and reenacted to read:

20 **Sec. 39.35.100. Accounting.** (a) The commissioner shall establish and  
21 maintain an adequate system of accounts and records for the plan. The accounts and  
22 records shall be integrated with the accounts, records, and procedures of the employers  
23 to the end that they operate most effectively and at minimum expense, and that  
24 duplication of records and accounts is avoided.

25 (b) An individual account shall be maintained for each employee to record the  
26 amount of the employee's mandatory contributions collected under AS 39.35.160(a).  
27 As of the last day of each calendar year and of each fiscal year, this account shall be  
28 credited with interest by applying the prescribed rate of interest, as determined by the  
29 board, to the balance in the account as of that date. When the employee is appointed to  
30 retirement, the amount held in the individual account shall be used first to fully  
31 finance the benefits paid. Once this account has been exhausted, the plan shall fully

1 finance the benefits paid that were not financed by the employee's individual account.

2 (c) An individual account shall be maintained for each employee to record the  
3 amount of the employee's voluntary contributions to an employee savings account  
4 under AS 39.35.180. As of the last day of each calendar year and of each fiscal year,  
5 this account shall be credited with interest by applying the prescribed rate of interest,  
6 as determined by the board, to the balance in the account as of that date. Amounts that,  
7 before termination of employment, are withdrawn by an employee from the  
8 employee's savings account shall be charged to that account. When an employee is  
9 appointed to retirement, the amount held in the employee's savings account shall be  
10 paid in accordance with AS 39.35.395.

11 \* **Sec. 8.** AS 39.35.115 is amended by adding new subsections to read:

12 (d) The retirement plan set out in AS 39.35.095 - 39.35.680 is a joint  
13 contributory plan.

14 (e) If, upon termination of the plan, all liabilities of the plan have been  
15 satisfied, any excess assets revert to the employers, as determined by the  
16 administrator, subject to the approval of the termination by the Internal Revenue  
17 Service.

18 \* **Sec. 9.** AS 39.35.125(a) is amended to read:

19 (a) An elected official of the state or of a political subdivision of the state if  
20 the political subdivision has elected under AS 39.35.600 - 39.35.650 [AS 39.35.550 -  
21 39.35.650] to designate elected officials in the classifications of employees entitled to  
22 participate in the plan is included in the plan unless the official files a written waiver  
23 of coverage with the administrator. A waiver under this subsection waives coverage of  
24 future employment as an elected official, regardless of any change of employer. An  
25 elected official may file a waiver under this subsection at any time after election to  
26 office, including the period before taking the oath of office. An elected official may  
27 revoke a waiver under this subsection by filing a written revocation with the  
28 administrator. A revocation under this subsection operates prospectively only, and the  
29 elected official may not receive credited service for service as an elected official while  
30 the waiver was in effect. There is no limit on the number of times an elected official  
31 may file a waiver or revocation under this subsection.

1     \* **Sec. 10.** AS 39.35.160(c) is amended to read:

2             (c) An employee who has made an election under AS 39.35.300(c) or  
 3     39.35.310(c) to have the employee's years of service as a noncertificated employee of  
 4     a state boarding school, of a school district or regional educational attendance area, of  
 5     the special education service agency, or of the Alaska Vocational Technical Center  
 6     determined by reference to AS 14.25.220 shall pay a contribution surcharge for that  
 7     service. The amount of the surcharge is the difference between the amount the  
 8     employer would have had to contribute under **AS 39.35.255 - 39.35.290**  
 9     [AS 39.35.250 - 39.35.290] for the employee when treating the employee's credited  
 10    service as service earned under AS 39.35.300(c) or 39.35.310(c) less the amount the  
 11    employer would have had to contribute under **AS 39.35.255 - 39.35.290**  
 12    [AS 39.35.250 - 39.35.290] without treating the employee's credited service as service  
 13    earned under AS 39.35.300(c) or 39.35.310(c).

14    \* **Sec. 11.** AS 39.35 is amended by adding a new section to read:

15             **Sec. 39.35.255. Contributions by employers.** (a) Each employer shall  
 16     contribute to the system every payroll period an amount calculated by applying a rate  
 17     of 22 percent of the greater of the total of all base salaries

18                 (1) paid by the employer to employees who are active members of the  
 19     system, including any adjustments to contributions required by AS 39.35.520; or

20                 (2) paid by the employer to employees who were active members of  
 21     the system during the corresponding payroll period for the fiscal year ending June 30,  
 22     2007.

23             (b) The administrator shall allocate contributions received for full payment of

24                 (1) the actuarially determined employer normal cost for the plan; and

25                 (2) all contributions required by AS 39.30.370 and AS 39.35.750 for  
 26     the fiscal year.

27             (c) If, after allocation of contributions under (b) of this section, a portion of  
 28     the employer contributions remains, the administrator shall apply that remaining  
 29     portion toward payment of the past service liability of the plan.

30             (d) Notwithstanding (a) of this section, the annual employer contribution rate  
 31     may not be less than the rate sufficient to allow payment of the employer normal cost

1 and the employer contributions required under AS 39.30.370 and AS 39.35.750.

2 (e) An employer of a retired member rehired under AS 39.35.150 shall include  
3 that member's base salary when calculating the contribution amount established in (a)  
4 of this section.

5 (f) In this section, "normal cost" means the cost of providing the benefits  
6 expected to be credited, with respect to service, to all active members of the plan  
7 during the year beginning after the last valuation date.

8 \* **Sec. 12.** AS 39.35.280 is repealed and reenacted to read:

9 **Sec. 39.35.280. Additional state contributions.** In addition to the  
10 contributions that the state is required to make under AS 39.35.255 as an employer,  
11 the state shall contribute to the plan each July 1 or, if funds are not available on July 1,  
12 as soon after July 1 as funds become available, an amount for the ensuing fiscal year  
13 that, when combined with the total employer contributions that the administrator  
14 estimates will be allocated under AS 39.35.255(c), is sufficient to pay the plan's past  
15 service liability at the contribution rate adopted by the board under AS 37.10.220 for  
16 that fiscal year.

17 \* **Sec. 13.** AS 39.35 is amended by adding a new section to read:

18 **Sec. 39.35.282. Contributions for medical benefits.** Contributions made by  
19 an employer under AS 39.35.255 and 39.35.280 shall be separately computed for  
20 benefits provided by AS 39.35.535.

21 \* **Sec. 14.** AS 39.35.282, as enacted by sec. 13 of this Act, is amended to read:

22 **Sec. 39.35.282. Contributions for medical benefits.** Contributions made by  
23 an employer under AS 39.35.255 and 39.35.280 shall be separately computed for  
24 benefits provided by AS 39.35.535 and shall be deposited in the Alaska retiree  
25 health care trust established under AS 39.30.097(a).

26 \* **Sec. 15.** AS 39.35.520(a) is amended to read:

27 (a) When a change or error is made in the records maintained by the plan or in  
28 the contributions made on behalf of an employee or an error is made in computing a  
29 benefit, and, as a result, an employee or beneficiary is entitled to receive from the plan  
30 more or less than the employee would have been entitled to receive had the records or  
31 contributions been correct or had the error not been made, (1) the records,

contributions, or error shall be corrected, and (2) as far as practicable, future payments or benefit entitlement shall be adjusted so that the actuarial equivalent of the pension or benefit to which the employee or beneficiary was correctly entitled shall be paid. An adjustment to contributions shall be picked up by the employer under AS 39.35.160 or treated as an adjustment to the employer's contributions under AS 39.35.255 [AS 39.35.270], depending upon the nature of the adjustment. If no future payment is due, a person who was paid any amount to which the person was not entitled is liable for repayment of that amount, and a person who was not paid the full amount to which the person was entitled shall be paid the balance of that amount.

\* **Sec. 16.** AS 39.35.610 is amended by adding a new subsection to read:

(b) If contributions are not submitted within the prescribed time limit, the amount of contributions and interest due may be claimed by the administrator from any agency of the state or political subdivision that has in its possession funds of the employer or that is authorized to disburse funds to the employer that are not restricted by statute or appropriation to a specific purpose. The amount claimed shall be certified by the administrator as sufficient to pay the contributions and interest due from the employer, and the agency shall submit the amount claimed, or the amount of funds of the employer subject to the administrator's claim that are in the agency's possession, whichever is less, to the administrator for deposit in the appropriate accounts. After the agency submits this amount to the administrator, the employer may appeal the administrator's claim to the office of administrative hearings (AS 44.64). If an appeal is timely filed, the administrator shall hold the submitted funds in an escrow account pending a final decision on the appeal.

\* **Sec. 17.** AS 39.35.615(a) is amended to read:

(a) A political subdivision or public organization may request that its participation agreement be amended. The request may be made only after adoption of a resolution by the legislative body of the political subdivision and approval of the resolution by the person required by law to approve the resolution, or, in the case of a public organization, after adoption of a resolution by the governing body of that public organization. A certified copy of the resolution shall be filed with the administrator.

**An employer may not award past service to employees added to its participation**

**agreement. When an employer requests to amend its participation agreement to add an elected official, the plan may cover that elected official only if the employer pays compensation to the elected official, for services as an elected official, in the amount of at least \$2,001 a month.** If a political subdivision or public

organization amends its participation agreement so as to terminate coverage of a department, group, or other classification of employees, each employee whose coverage is so terminated, regardless of the employee's employment status at the date of termination, shall be considered fully vested in actuarially adjusted accrued retirement benefits as of the date of termination, unless

(1) the employee's contributions have been refunded; or

(2) the political subdivision or public organization amended its participation agreement to exclude coverage for the affected department, group, or other classification of employees at the written request of a majority of the employees employed in that department, group, or other classification at the time the request was made.

\* **Sec. 18.** AS 39.35.615(f) is amended to read:

(f) Termination of coverage of a department, group, or other classification of employees does not bar future coverage of that department, group, or classification **if the employer is current with payments on amounts due under AS 39.35.625.** If coverage of a department, group, or classification is terminated under (a) of this section and the employer later amends its participation agreement to provide renewed coverage of that department, group, or classification, an affected employee may be credited only with future service.

\* **Sec. 19.** AS 39.35.620(h) is amended to read:

(h) Termination of an employer's participation in the plan does not bar future participation in the **system** [PLAN] by that employer **if the employer is current with payments on amounts due under AS 39.35.625.** If a previously terminated employer returns to the **system, the employer may only participate in the plan established under AS 39.35.700 - 39.35.990. Employees** [PLAN EMPLOYEES] may be credited **under AS 39.35.700 - 39.35.990** only with service subsequent to the date of return. [ADJUSTMENTS MADE TO THE ACCRUED BENEFITS OF THE EMPLOYEES]



1 OF THE PREVIOUSLY TERMINATED EMPLOYER AT THE TIME OF THE  
 2 TERMINATION MAY NOT BE ALTERED BY THAT EMPLOYER'S RETURN  
 3 TO PARTICIPATION IN THE PLAN.]

4 \* **Sec. 20.** AS 39.35 is amended by adding a new section to read:

5 **Sec. 39.35.625. Termination costs.** (a) Notwithstanding AS 39.35.255, an  
 6 employer that terminates participation of a department, group, or other classification  
 7 of employees in the plan under AS 39.35.615 or that terminates participation in the  
 8 plan under AS 39.35.620 shall pay to the plan each payroll period until the past service  
 9 liability of the plan is extinguished an amount calculated by applying the current past  
 10 service contribution rate adopted by the board to the greater of total base salaries paid

11 (1) during the payroll period to employees in positions for which  
 12 coverage has been terminated;

13 (2) at the time of termination to employees in positions for which  
 14 coverage has been terminated; or

15 (3) during the corresponding payroll period for the fiscal year ending  
 16 June 30, 2007, to employees in positions for which coverage has been terminated.

17 (b) Notwithstanding (a) of this section, the administrator may enter into a  
 18 payment plan acceptable to the administrator for payment of an employer's liability for  
 19 termination costs. Termination costs not paid as prescribed by (a) of this section or in  
 20 accordance with an approved payment plan may be collected by the administrator in  
 21 accordance with AS 39.35.610(b).

22 (c) An employer requesting termination of all participation in the plan,  
 23 termination of participation in the plan of a department, group, or other classification  
 24 of employees, or a payment plan for payment of termination costs shall pay the cost  
 25 associated with obtaining a termination cost study associated with the employer's  
 26 termination.

27 \* **Sec. 21.** AS 39.35.650 is amended to read:

28 **Sec. 39.35.650. Refunds to employers.** An employer may not receive an  
 29 amount from the plan, except as provided under AS 39.35.115(e) [AS 39.35.615(e)  
 30 AND 39.35.620(g)].

31 \* **Sec. 22.** AS 39.35.680 is amended by adding a new paragraph to read:

(43) "past service liability" means the actuarially determined excess of the accrued liability of the plan over the value of the plan's assets, as of the date of the last actuarial valuation.

\* **Sec. 23.** AS 39.35.750(d) is amended to read:

(d) An employer shall also make contributions to the health reimbursement arrangement plan under **AS 39.30.370** [AS 39.30.300].

\* **Sec. 24.** AS 39.35.250, 39.35.260, 39.35.270, 39.35.550, 39.35.560, 39.35.570, 39.35.580, 39.35.590, 39.35.615(d), 39.35.615(e), 39.35.620(c), 39.35.620(f), and 39.35.620(g) are repealed.

\* **Sec. 25.** Sections 73 and 74, HCS CSSB 123(FIN), passed by the Twenty-Fifth Alaska State Legislature, are repealed.

\* **Sec. 26.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION. (a) Notwithstanding AS 39.35.255, as enacted by sec. 11 of this Act, the employer contributions under AS 39.35.255(a) for the fiscal year ending June 30, 2008, shall be calculated separately for certain employers by applying an independent percentage to the annual total of base salaries paid by the employer to employees who are active members of the public employees' retirement system and to employees who are retired members who are rehired under AS 39.35.150. The employers subject to this separate calculation and the independent percentages that apply to each are

- (1) the City of Akutan, 13.32 percent;
- (2) the Aleutian Housing Authority, 14.95 percent;
- (3) the Aleutian Region School District, 13.32 percent;
- (4) the Aleutians East Borough, 3.24 percent;
- (5) the City of Allakaket, 14.48 percent;
- (6) the Municipality of Anchorage; 21.51 percent;
- (7) the City of Anderson, 13.32 percent;
- (8) the Annette Islands School District, 13.32 percent;
- (9) the Baranof Island Housing Authority, 13.32 percent;
- (10) the City of Barrow, 13.47 percent;
- (11) the Bartlett Regional Hospital, 17.20 percent;

- 1 (12) the Bering Straits Regional Housing Authority, 14.77 percent;
- 2 (13) the City of Bethel, 10.33 percent;
- 3 (14) the Bristol Bay Borough, 17.95 percent;
- 4 (15) the Bristol Bay Housing Authority, 15.06 percent;
- 5 (16) the Cook Inlet Housing Authority, 15.06 percent;
- 6 (17) the Copper River Basin Regional Housing Authority, 14.76 percent;
- 7 (18) the City of Cordova, 12.85 percent;
- 8 (19) the City of Delta Junction, 13.31 percent;
- 9 (20) the Denali Borough, 3.07 percent;
- 10 (21) the City of Egegik, 15.84 percent;
- 11 (22) the City of Fort Yukon, 13.32 percent;
- 12 (23) the City of Galena, 9.64 percent;
- 13 (24) the City of Hooper Bay, 13.32 percent;
- 14 (25) the City of Huslia, 17.68 percent;
- 15 (26) the Ilisagvik College, 13.90 percent;
- 16 (27) the Interior Regional Housing Authority, 14.23 percent;
- 17 (28) the Inter-Island Ferry Authority, 13.36 percent;
- 18 (29) the City of Kachemak, 4.92 percent;
- 19 (30) the Kenai Peninsula Borough, 17.11 percent;
- 20 (31) the Ketchikan Gateway Borough, 13.04 percent;
- 21 (32) the City of Ketchikan, 12.03 percent;
- 22 (33) the City of Klawock, 9.59 percent;
- 23 (34) the Kodiak Island Borough, 4.55 percent;
- 24 (35) the City of Kodiak, 14.88 percent;
- 25 (36) the City of Kotzebue, 13.32 percent;
- 26 (37) the City of Koyuk, 14.48 percent;
- 27 (38) the Lake and Peninsula Borough, 9.25 percent;
- 28 (39) the City of Mekoryuk, 13.32 percent;
- 29 (40) the City of Mountain Village, 13.32 percent;
- 30 (41) the Nenana City School District, 17.79 percent;
- 31 (42) the City of Noorvik, 13.45 percent;

- (43) the North Pacific Rim Housing Authority, 14.70 percent;
- (44) the City of North Pole, 15.55 percent;
- (45) the Northwest Arctic Borough, 14.19 percent;
- (46) the Northwest Arctic Borough School District, 15.00 percent;
- (47) the Northwest Inupiat Housing Authority, 15.17 percent;
- (48) the City of Palmer, 13.33 percent;
- (49) the Pelican City School District, 13.32 percent;
- (50) the City of Petersburg, 12.20 percent;
- (51) the Petersburg Medical Center, 15.89 percent;
- (52) the City of Quinhagak, 1.15 percent;
- (53) the Saint Mary's School District, 13.32 percent;
- (54) the City of Saxman, 17.53 percent;
- (55) the City of Seldovia, 16.64 percent;
- (56) the City of Seward, 12.66 percent;
- (57) the Skagway City School District, 16.44 percent;
- (58) the City of Soldotna, 13.04 percent;
- (59) the Tagiugmiullu Nunamiullu Housing Authority, 13.32 percent;
- (60) the City of Tanana, 1.60 percent;
- (61) the Tanana School District, 16.59 percent;
- (62) the Tlingit-Haida Regional Housing Authority, 18.39 percent;
- (63) the City of Unalakleet, 9.94 percent;
- (64) the City of Upper Kalskag, 14.48 percent;
- (65) the City of Valdez, 17.15 percent;
- (66) the City of Whittier, 15.00 percent;
- (67) the City and Borough of Yakutat, 18.94 percent;
- (68) the Yakutat School District, 15.49 percent;
- (69) the Yukon/Koyukuk School District, 13.70 percent;
- (70) the Yukon Flats School District, 13.32 percent;
- (71) the Yupiit School District, 14.52 percent.

(b) Notwithstanding AS 39.35.255, as enacted by sec. 11 of this Act, the employer contributions under AS 39.35.255(a) for the fiscal years ending June 30, 2009, June 30, 2010,

June 30, 2011, and June 30, 2012, shall be calculated separately for certain employers by applying an independent percentage to the annual total of base salaries paid by the employer to employees who are active members of the public employees' retirement system and to employees who are retired members who are rehired under AS 39.35.150. The employers subject to this separate calculation and the independent percentages that apply to each are

- (1) the City of Akutan, 13.32 percent;
- (2) the Aleutian Housing Authority, 14.95 percent;
- (3) the Aleutian Region School District, 13.32 percent;
- (4) the Aleutians East Borough, 15.23 percent;
- (5) the City of Allakaket, 14.48 percent;
- (6) the City of Anderson, 13.32 percent;
- (7) the Annette Islands School District, 13.32 percent;
- (8) the Baranof Island Housing Authority, 13.32 percent;
- (9) the City of Barrow, 17.26 percent;
- (10) the Bartlett Regional Hospital, 17.20 percent;
- (11) the Bering Straits Regional Housing Authority, 14.77 percent;
- (12) the City of Bethel, 15.08 percent;
- (13) the Bristol Bay Regional Housing Authority, 15.06 percent;
- (14) the Cook Inlet Housing Authority, 15.06 percent;
- (15) the Copper River Basin Regional Housing Authority, 14.76 percent;
- (16) the City of Delta Junction, 14.47 percent;
- (17) the City of Fort Yukon, 13.32 percent;
- (18) the City of Galena, 13.40 percent;
- (19) the City of Hooper Bay, 13.32 percent;
- (20) the Ilisagvik College, 13.90 percent;
- (21) the Interior Regional Housing Authority, 14.23 percent;
- (22) the Inter-Island Ferry Authority, 13.36 percent;
- (23) the City of Klawock, 14.35 percent;
- (24) the City of Kotzebue, 13.32 percent;
- (25) the City of Koyuk, 14.48 percent;
- (26) the City of Mekoryuk, 13.32 percent;

- (27) the City of Mountain Village, 13.32 percent;
- (28) the Nenana City School District, 17.79 percent;
- (29) the City of Noorvik, 13.45 percent.
- (30) the North Pacific Rim Housing Authority, 14.70 percent;
- (31) the Northwest Arctic Borough, 14.19 percent;
- (32) the Northwest Arctic Borough School District, 15.00 percent;
- (33) the Northwest Inupiat Housing Authority, 15.17 percent;
- (34) the Pelican City School District, 13.32 percent;
- (35) the Petersburg Medical Center, 15.89 percent;
- (36) the City of Quinhagak, 13.32 percent;
- (37) the Saint Mary's City School District, 13.32 percent;
- (38) the City of Seldovia, 16.64 percent;
- (39) the Skagway City School District, 16.44 percent;
- (40) the City of Soldotna, 13.04 percent;
- (41) the Tagiugmiullu Nunamiullu Housing Authority, 13.32 percent;
- (42) the City of Tanana, 13.32 percent;
- (43) the Tanana School District, 16.59 percent;
- (44) the Tlingit-Haida Regional Housing Authority, 18.39 percent;
- (45) the City of Upper Kalskag, 14.48 percent;
- (46) the City of Whittier, 15.00 percent;
- (47) the Yakutat School District, 15.49 percent;
- (48) the Yukon/Koyukuk School District, 13.70 percent;
- (49) the Yukon Flats School District, 13.32 percent;
- (50) the Yupiit School District, 14.52 percent.

\* **Sec. 27.** The uncoded law of the State of Alaska is amended by adding a new section to read:

AWARD OF DAMAGES OR OTHER RECOVERY. Notwithstanding any contrary provision of AS 09.17.070, if the teachers' retirement system (AS 14.25) or the public employees' retirement system (AS 39.35) obtains an award of damages or other recovery in compensation for harms caused by the wrongful or negligent conduct of a third party, the award of damages or other recovery is not subject to reduction under AS 09.17.070 on

1 account of additional state contributions under AS 14.25.085, enacted by sec. 2 of this Act,  
2 and AS 39.35.280, enacted by sec. 12 of this Act.

3 \* **Sec. 28.** The uncoded law of the State of Alaska is amended by adding a new section to  
4 read:

5 PARTICIPATION IN THE DEFINED CONTRIBUTION PLAN OF THE PUBLIC  
6 EMPLOYEES' RETIREMENT SYSTEM BY CERTAIN ELECTED OFFICIALS. (a) If HCS  
7 CSSB 123(FIN), passed by the first session of the Twenty-Fifth Alaska State Legislature, is  
8 enacted into law, contributions must be deducted under AS 39.35.730 and contributions must  
9 be made under AS 39.35.750 by the

10 (1) state on behalf of an Alaska state legislator who becomes a member of the  
11 public employees' retirement system defined contribution plan established by AS 39.35.700 -  
12 39.35.990 as a result of the enactment of the amendment to AS 39.35.990(16) by sec. 111 of  
13 HCS CSSB 123(FIN); contributions must be based on the compensation paid by the state to  
14 the member from the date that the member was sworn into office as an elected official until  
15 the effective date of this section;

16 (2) political subdivision on behalf of the political subdivision's elected official  
17 who becomes eligible for membership in the public employees' retirement system defined  
18 contribution plan established by AS 39.35.700 - 39.35.990 as a result of the enactment of  
19 AS 39.35.725 made by sec. 83 of HCS CSSB 123(FIN) and who has not filed a waiver of  
20 participation in that plan or a waiver of participation under AS 39.35.125(a) for service as an  
21 elected official of the political subdivision; contributions must be based on the compensation  
22 paid by the political subdivision to the elected official for service as an elected official from  
23 the date that the elected official was sworn into office until the effective date of this section.

24 (b) The period of time covered by contributions made under (a) of this section  
25 constitutes membership service for the purposes of determining eligibility for medical benefits  
26 under AS 39.30.300 - 39.30.495 and AS 39.35.700 - 39.35.990.

27 (c) In this section, "compensation" has the meaning given in AS 39.35.990.

28 \* **Sec. 29.** The uncoded law of the State of Alaska is amended by adding a new section to  
29 read:

30 TRANSITION: REGULATIONS. The Department of Administration and the  
31 Department of Revenue may proceed to adopt regulations to implement their respective

1 provisions of this Act.

2 \* **Sec. 30.** The uncodified law of the State of Alaska is amended by adding a new section to  
3 read:

4 REVISOR'S INSTRUCTIONS. If HCS CSSB 123(FIN), passed by the first session of  
5 the Twenty-Fifth Alaska State Legislature, is enacted into law, the revisor of statutes is  
6 instructed as follows:

7 (1) the repeal of AS 39.35.615(f) by sec. 115 of HCS CSSB 123(FIN) is  
8 superseded by, and AS 39.35.615(f) is revived and continues in effect with the amendment  
9 enacted in, sec. 18 of this Act;

10 (2) the repeal of AS 39.35.620(h) by sec. 116 of HCS CSSB 123(FIN) is  
11 superseded by, and AS 39.35.620(h) is revived and continues in effect with the amendment  
12 enacted in, sec. 19 of this Act;

13 (3) the provisions of this Act supersede any conflicting provisions of HCS  
14 CSSB 123(FIN).

15 \* **Sec. 31.** The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 CONDITIONAL EFFECT OF SECTIONS 4, 14, 25, AND 28. The amendment of  
18 AS 14.25.087 by sec. 4 of this Act, the amendment of AS 39.35.282 by sec. 14 of this Act,  
19 sec. 25 of this Act, and sec. 28 of this Act take effect only if HCS CSSB 123(FIN), passed by  
20 the first session of the Twenty-Fifth Alaska State Legislature, becomes law.

21 \* **Sec. 32.** If, under sec. 31 of this Act, secs. 4, 14, 25, and 28 of this Act take effect, they  
22 take effect on the later of July 1, 2007, or the effective date as set out in sec. 120, HCS CSSB  
23 123(FIN).

24 \* **Sec. 33.** Sections 26, 27, 29, 30, and 31 of this Act take effect immediately under  
25 AS 01.10.070(c).

26 \* **Sec. 34.** Except as provided in secs. 32 and 33 of this Act, this Act takes effect July 1,  
27 2007.